

**A RENTAL HOUSING
MARKET STUDY FOR
SUMMERVILLE, GEORGIA**

Melodie Meadow Apartments

June 19, 2002

Prepared for:

Georgia Department of Community Affairs
The Georgia Housing & Finance Authority
60 Executive Park South NE
Atlanta, GA 30329

Prepared by:

Community Research Group, LLC
2380 Science Parkway
Suite 104
Okemos, MI 48864
(517) 347-3253

Table of Contents

SECTION 1: INTRODUCTION	1
SECTION 2: EXECUTIVE SUMMARY	2
SECTION 3: PROJECT DESCRIPTION.....	4
<i>PROPOSED UNIT CONFIGURATION STRUCTURE:.....</i>	<i>6</i>
SECTION 4: SITE AND MARKET PROFILE.....	7
SITE CHARACTERISTICS.....	7
<i>Map: Local Features/Amenities.....</i>	<i>9</i>
<i>Site Photos.....</i>	<i>10</i>
<i>Neighborhood Photos.....</i>	<i>12</i>
PRIMARY AND SECONDARY MARKET AREA DELINEATION.....	14
<i>Map: Northern Georgia.....</i>	<i>15</i>
<i>Map: Primary Market Area.....</i>	<i>16</i>
<i>Map: Census Tracts.....</i>	<i>17</i>
SECTION 5: COMMUNITY DEMOGRAPHIC DATA	18
POPULATION TRENDS	18
<i>Table 5.1: Population Trends (1980 to 2007)</i>	<i>18</i>
<i>Table 5.2: Age Distribution (1990 to 2007).....</i>	<i>20</i>
<i>Table 5.3: Average Household Size (1980 to 2007)</i>	<i>21</i>
HOUSEHOLD TRENDS.....	22
<i>Table 5.4: Household Trends (1980 to 2007).....</i>	<i>22</i>
<i>Table 5.5: Renter Household Trends (1990 to 2000).....</i>	<i>23</i>
HOUSING STOCK COMPOSITION.....	24
<i>Table 5.6: Housing Stock Composition (2000).....</i>	<i>24</i>
MEDIAN GROSS RENT AND UNIT SIZE.....	25
<i>Table 5.7: Median Gross Rent (1990 to 2000)</i>	<i>25</i>
<i>Table 5.8: Rental Unit Size Distribution (2000).....</i>	<i>26</i>
ECONOMIC AND SOCIAL CHARACTERISTICS	27
<i>Table 5.9: Employment by Industry (2000)</i>	<i>27</i>
<i>Table 5.10: Employment by Place of Work (1990).....</i>	<i>28</i>
<i>Figure One: Employment by Industry – 1990 vs. 2000</i>	<i>29</i>
<i>Figure Two: Area Employment Growth – Chattooga County</i>	<i>31</i>
<i>Figure Three: Unemployment Rate Comparison.....</i>	<i>32</i>
<i>Table 5.11: Employment Trends (1985 to Present)</i>	<i>33</i>
INCOME TRENDS	34
<i>Table 5.12: Median Household Incomes (1979 to 2007).....</i>	<i>34</i>
<i>Figure Four: HUD Median Income Trends.....</i>	<i>35</i>
INCOME-QUALIFIED POPULATION	36
<i>Table 5.13: Household Income Distribution (1999).....</i>	<i>36</i>

SECTION 6: DEMAND ANALYSIS	37
DEMAND FOR TAX CREDIT RENTAL UNITS.....	37
<i>Table 6.1: Demand Calculation – by AMI (2004)</i>	<i>39</i>
<i>Table 6.2: Demand Calculation – by Bedroom (2004).....</i>	<i>40</i>
CAPTURE AND ABSORPTION RATES.....	41
SECTION 7: SUPPLY ANALYSIS	42
SUMMERVILLE RENTAL MARKET CHARACTERISTICS	42
<i>Table 7.1: Rental Housing Survey.....</i>	<i>46</i>
<i>Table 7.2: Rent Range for 1 & 2 Bedrooms.....</i>	<i>47</i>
<i>Table 7.3: Rent Range for 3 & 4 Bedrooms.....</i>	<i>48</i>
<i>Table 7.4: Project Amenities</i>	<i>49</i>
<i>Table 7.5: Additional Comparable Information</i>	<i>50</i>
COMPARABLE/NEARBY RENTAL PROJECTS – SUMMERVILLE PMA.....	51
<i>Map: Local Rental Developments.....</i>	<i>51</i>
SECTION 8: INTERVIEWS	56
SECTION 9: CONCLUSIONS AND RECOMMENDATIONS	57
SECTION 10: SIGNED STATEMENT REQUIREMENTS.....	58
SECTION 11: BIBLIOGRAPHY.....	59
SECTION 12: RESUME	60

**CONSULTANT CERTIFICATION/
CERTIFICATE OF ACCURACY**

I hereby attest that this market study has been completed by an independent third party market consultant with no fees received contingent upon the funding of this proposal. Furthermore, information contained within the following report obtained through other sources is considered to be trustworthy. However, Community Research Group does not guarantee the data nor assumes any liability for any errors in fact, analysis, or judgment.

Furthermore, the following report was written according to DCA's market study requirements, and that the information included is accurate to the best of our knowledge, and that the report can be relied upon by representatives of DCA as a true assessment of the low-income housing rental market.



Steven R. Shaw
COMMUNITY RESEARCH GROUP, LLC

Date: June 19, 2002

Section 1: INTRODUCTION

The Georgia Department of Community Affairs (DCA) has commissioned Community Research Group, LLC to prepare the following market study to examine and analyze the Summerville area as it pertains to the new construction of additional affordable rental housing. The subject proposal, to be named Melodie Meadow Apartments, is to be located along the east side of Goodwin Drive, just south of Lake Wanda Reita Road, and approximately ½ mile west of Commerce Street (U.S. 27). Primary access to the site will be from Goodwin Drive. The property is situated approximately ¼ mile north of the Summerville city limits in a predominately residential area with a mix of single-family homes and multi-family apartments.

This study assumes Low Income Housing Tax Credits will be utilized in the development of the proposed rental facility, along with the associated rent and income restrictions obtained from HUD and the Georgia DCA. As a result, Melodie Meadow will feature 100 percent of its units targeted at 50 percent of the Area Median Income (AMI).

The primary purpose of the following market analysis is to provide evidence whether or not sufficient market depth and demand exists for the successful development of the subject proposal. This will be demonstrated through an in-depth analysis of local and regional demographic and income trends, economic and employment patterns, existing housing conditions, as well as a supply and demand analysis within the Summerville rental market area. A phone survey of existing rental projects comparable to the subject within the area was also reviewed and analyzed to further measure the potential market depth for the subject proposal.

Section 2: EXECUTIVE SUMMARY

The following overview highlights the major findings and conclusions reached from information collected through demographic analysis, economic observations, and survey research of existing developments:

- Based on the information collected within this study, sufficient evidence has been introduced for the successful development and absorption of the subject proposal within the Summerville market area. Strong occupancy levels within the overall rental market, positive demographic trends for the market area, limited non-subsidized three-bedroom units, and a solid statistical demand all support the introduction of additional rental housing alternatives targeted for low and moderate-income singles and families. **Therefore, CRG forwards a PASS determination.**
- Locally, current economic conditions are extremely positive. As of April 2002, the unemployment rate for Chattooga County was reported at 2.7 percent, as compared to an unemployment figure of 4.3 percent for April 2001. In comparison, the most recent statewide unemployment rate was 4.2 percent.
- The absorption rate is conservatively calculated at approximately eight to ten units per month, on average, resulting in an overall absorption period of four to five months. As such, evidence presented within the market study suggests a normal lease-up period should be anticipated based on project characteristics as proposed.
- The proposed rental rates are extremely affordable, averaging between \$0.25 and \$0.30 per square foot. Furthermore, the subject's unit mix of one, two, and three bedroom units are appropriate for the Summerville rental market. The three-bedroom units should prove to be the most popular, as 92 percent of the market area's three-bedroom units are in public housing developments.
- The proposed amenity package is competitive, and in most cases superior, to other developments throughout the market area. The subject contains nearly every amenity with an incidence greater than 50 percent for the market (with the exception of a walk-in closet), as well as a clubhouse and exercise/fitness center (which is not in any other development).
- The subject property is within a predominately residential area, and within $\frac{3}{4}$ mile of grocery, medical, employment, and recreational venues. In addition, an elementary, middle, and high school are situated within one to three miles of the site.

Executive Summary (con't)

- Demand estimates for the proposed development show solid statistical support for the introduction and absorption of additional rental units within the Summerville PMA. More than 25 percent of all households are income-qualified, resulting in an overall capture rate of 5.7 percent. Similarly, capture rates by unit size range between 3.1 percent and 7.2 percent, all within the standard 30 percent threshold.
- Occupancy rates for rental housing remain relatively strong throughout the entire Summerville area. An overall occupancy rate of 98 percent was calculated from a May/June 2002 CRG survey of 10 rental developments identified and contacted within the PMA. In addition, seven of these projects had an occupancy rate of 100 percent, providing a clear indication of the PMA's overall market depth.

Section 3: PROJECT DESCRIPTION

The analysis presented within this report is based on the following development configuration and assumptions:

Project Size:

Total Development Size.....40 units
Number of LIHTC Units.....40 units
Number of Market Rate Units.....0 units

Development Characteristics:

- Eight buildings (seven residential);
- Each residential building will consist of townhomes;
- 60 residential parking spaces;
- Two units will be handicapped accessible;
- One unit will be reserved for visually or hearing impaired tenants.

Income Targeting:

50 percent of AMI.....40 units

Project Mix:

	<u>LIHTC</u>	<u>Market</u>	<u>Total</u>
One-bedroom/1-bath units	10.....	0.....	10 units
Two-bedroom/2-bath units.....	20.....	0.....	20 units
Three-bedroom/2-bath units.....	10.....	0.....	10 units

Square Feet:

One-bedroom units.....813 square feet
Two-bedroom units.....1,077 square feet
Three-bedroom units.....1,275 square feet

Rental Rates: (Proposed contract rents net of utility allowance)

- **One-bedroom units:**
50 percent of AMI.....\$245
- **Two-bedroom units:**
50 percent of AMI.....\$286
- **Three-bedroom units:**
50 percent of AMI.....\$325

Unit Amenities*:

- Central heat and air conditioning;
- Mini-blinds for all windows;
- Washer/dryer hook-ups within all units;
- Covered patio/porch with each unit.

Development Amenities*:

- Community building with covered porch;
- Equipped exercise/fitness center;
- Computer lab with internet service;
- On-site laundry;
- Outdoor green areas, including community garden, walking path with sitting areas, covered picnic pavilion, and picnic areas with grills;
- Two large, open playing fields;
- Additional services to include grocery pick-up, home buyer seminar, social programs, and job training.

Additional Assumptions:

- Water, sewer, and trash removal will be included within the rent. Tenant is responsible for electricity (including electric heat pump), cable television, and telephone charges.
- The development will be constructed in one phase;
- A professional management company with experience in LIHTC rental housing will be contracted to operate the facility, with pre-leasing activities beginning as soon as possible.

*Based on project information provided by DCA.

PROPOSED UNIT CONFIGURATION STRUCTURE:

PROJECT NAME:Melodie Meadow Apartments

ADDRESS:.....Goodwin Drive

LOCATION:Summerville, Georgia

TOTAL UNITS:40

OCCUPANCY:FAMILY

CONSTRUCTION:.....NEW

PROJECTED PLACED IN SERVICE:Not Available

TARGETED INCOMES:\$10,320 to \$24,450 (based on 50 percent of AMI*)

	# Units	Unit Mix	# Baths	Square Feet	Contract Rent	Gross Rent	Max LIHTC Rent*	Utility Allow.
1 Bedroom Apartment Units								
	10	50 percent of AMI	1	813	\$245	\$301	\$396	\$56
2 Bedroom Apartment Units								
	20	50 percent of AMI	2	1,077	\$286	\$361	\$475	\$75
3 Bedroom Apartment Units								
	10	50 percent of AMI	2	1,275	\$325	\$418	\$549	\$93

*Based on 2002 LIHTC maximum income and gross rent limits for the statewide median (\$42,200).

Section 4: SITE AND MARKET PROFILE

Site Characteristics

The proposed Melodie Meadow rental development is located just north of the Summerville city limits along the east side of Goodwin Drive, just south of Lake Wanda Reita Road, and approximately ½ mile west of Commerce Street (U.S. 27). The immediate area is predominately residential in character, featuring a combination of multi-family and single-family homes, as well as scattered vacant undeveloped property. Adjacent to the north, south, and west of the site are single-family residential properties (in very good condition), while vacant grassy property can be found directly to the east. The total size of the property is 10.1 acres, consisting of flat, vacant, and grassy land within Census Tract 9804 of Chattooga County. Adjacent land usages are as follows:

North: Single-family homes

South: Single-family homes

East: Vacant grassland

West: Single-family homes

Overall, the immediate neighborhood features single-family homes and four multi-family rental complexes within ½ mile (Maplewood Apartments I and II, Lake Wanda Reita Apartments, and McGinnis Memorial Apartments). The exterior condition of the homes along Goodwin Drive and Lake Wanda Reita Road can be considered to be very good. However, because of its location within a residential neighborhood, the subject property will not have any visibility from a highly traveled thoroughfare. Because the property is within visual distance of other multi-family developments, this factor will likely not inhibit the marketability of the subject significantly. In addition, no visible environmental or other concerns are evident.

The subject property is situated approximately ½ mile west of Commerce Street (U.S. 27), which contains and/or provides transportation to the majority of the community's shopping, medical facilities, employment, and other needed amenities. The nearest significant retail concentration can be found less than ¾ mile east of the site along the U.S. 27 corridor between Farrar Drive and Woodhaven Drive. This area contains the Hurley Crossings and Summerville Square shopping centers and several fast food restaurants, and includes the following:

- | | | |
|---------------------------|---------------------|--------------------|
| ➤ Wal-Mart | ➤ Bi-Lo Grocery | ➤ CVS/Pharmacy |
| ➤ Cato Plus/Cato Fashions | ➤ Friedman Jewelers | ➤ Summertime Nails |

- | | | |
|-------------------------|-----------------|--------------------|
| ➤ Save-a-Lot Food Store | ➤ Rent-A-Center | ➤ H&R Block |
| ➤ Summertime Nails | ➤ McDonald's | ➤ Burger King |
| ➤ Taco Bell | ➤ KFC | ➤ China Restaurant |

Additional retail opportunities can be found in downtown Summerville (between $\frac{3}{4}$ and $1\frac{1}{2}$ miles southeast of the site) and another shopping plaza on the southeast side of the city ($1\frac{3}{4}$ miles) near the intersection of U.S. 27 and Highway 100.

Although no hospital is present within Summerville or Chattooga County (the nearest are Floyd Medical Center and Redmond Regional Medical Center in Rome, approximately 20 miles south of the city), medical services for local residents are provided by Chattooga Family Medicine and NW Georgia Family Practice Center – both situated less than $\frac{3}{4}$ mile east of the subject property.

Chattooga County Schools provide primary education opportunities for area residents, and is comprised of two pre-K schools, 5 elementary schools, one middle school, one high school, and one alternative school. The nearest of these to the subject property include the North Summerville Elementary School ($1\frac{1}{4}$ miles south), the Summerville Middle School (3 miles south), and the Chattooga County High School ($2\frac{1}{2}$ miles south).

Recreational facilities within Summerville include the Fairway Recreation Center (located less than one mile east of the site) and the Summerville Recreation Center (2 miles south), containing an in-ground pool, ballfields, basketball courts, tennis courts, playgrounds, and activity buildings.

Summerville PMA



Site Photos

Site – facing east from Goodwin Drive



Home along Goodwin Road – west of site



Site – Facing north from south side of property



Site – Facing south



Neighborhood Photos

Facing north along Goodwin Drive



Facing south along Goodwin Drive



Home on Lake Wanda Reita Road – just north of site



Primary and Secondary Market Area Delineation

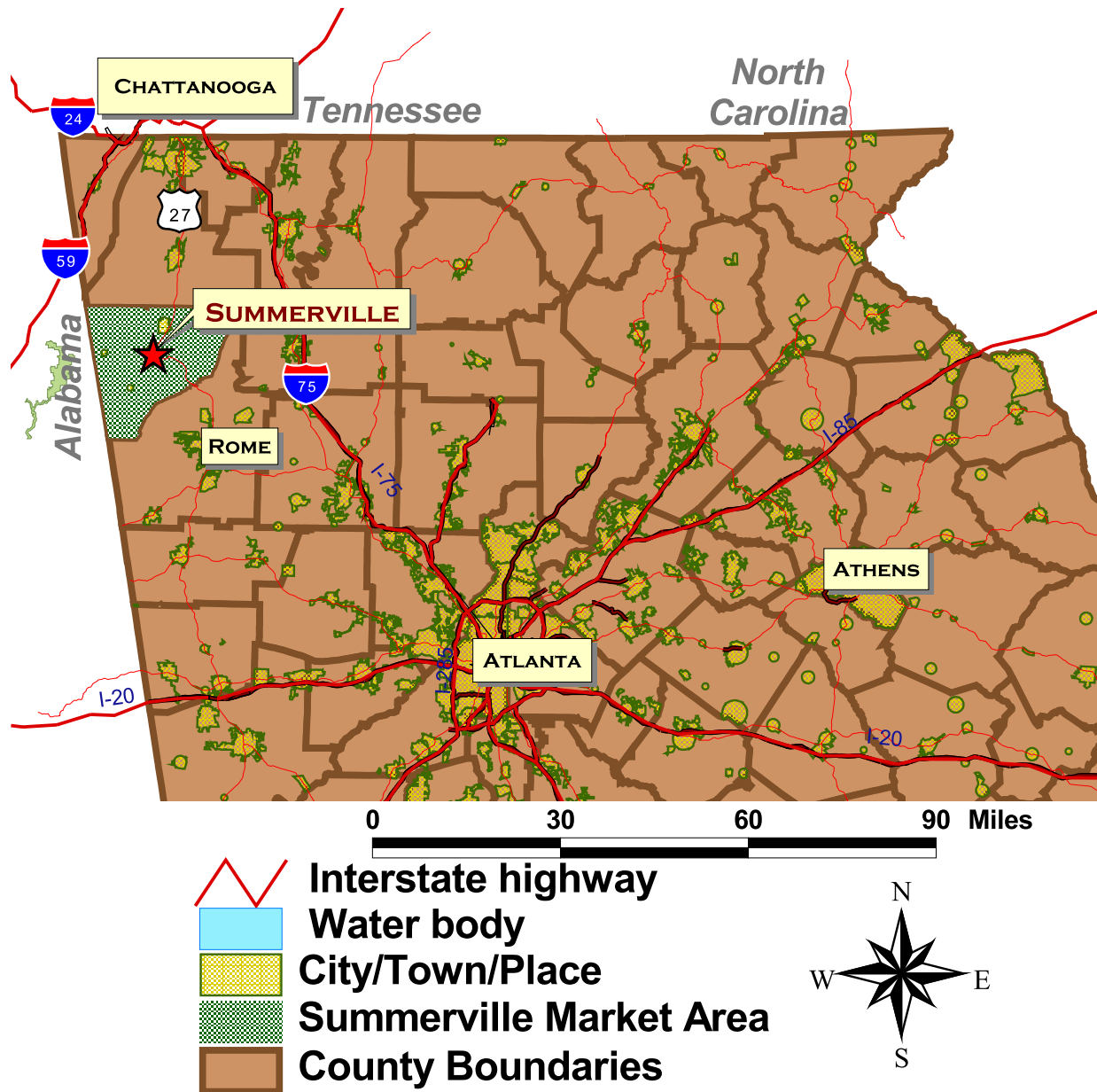
The Summerville Primary Market Area (PMA), as defined for the use throughout this study, consists of Chattooga County in its entirety, including the communities of Summerville (4,556 persons in 2000), Trion (1,993 persons), Lyerly (448 persons), and Menlo (485 persons). A visual representation of the PMA, and census tracts within the PMA, can be found in the maps on the following pages. The market area is located in the northwestern portion of the state of Georgia bordering Alabama and approximately 35 miles south of Chattanooga, Tennessee, and represents the area from which the majority of potential residents for the subject development currently reside.

With a relatively low population density, the presence of several roadways (including U.S. 27, and State Highways 48, 100, and 114), coupled with Summerville being the county seat and primary economic center for the area, makes the use of the entire county as a market area appropriate. The following demographic and income information, comparables, and demand analysis are based on the PMA as defined above and outlined in the following maps. In addition, the city of Summerville has also been used throughout the analysis for local comparisons.

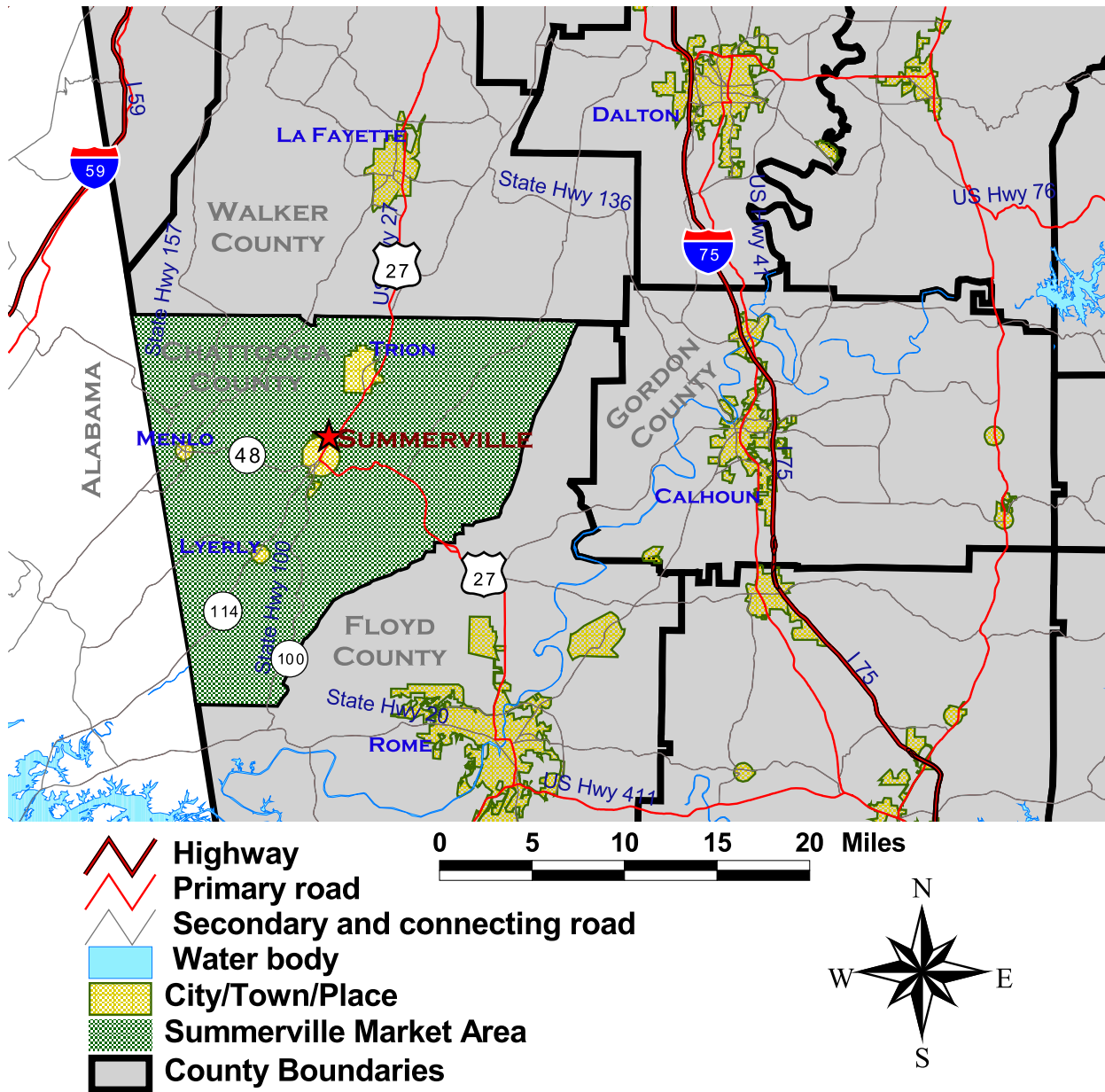
Areas relatively close to the site of the subject development, but not included within the PMA, comprise the Secondary Market Area (SMA). While not included within the actual analysis throughout this report, it is important to remember that these areas could also yield potential residents for the proposed rental community. These nearby secondary sources include persons currently residing in the communities of Rome, LaFayette, Dalton, Calhoun, and other neighboring communities. However, it is expected that a relatively small percentage of residents will come from the SMA.

When defining the primary and secondary market areas, the local roadway infrastructure, commuting patterns, and other existing socio-economic conditions were utilized. With this in mind, several key transportation routes located near the subject property provide added convenience for persons from both inside and outside of the immediate area. Most importantly, U.S. 27 dissects Summerville and provides a convenient and direct route south to Rome (20 miles), and Fort Oglethorpe and Chattanooga to the north (30 to 35 miles).

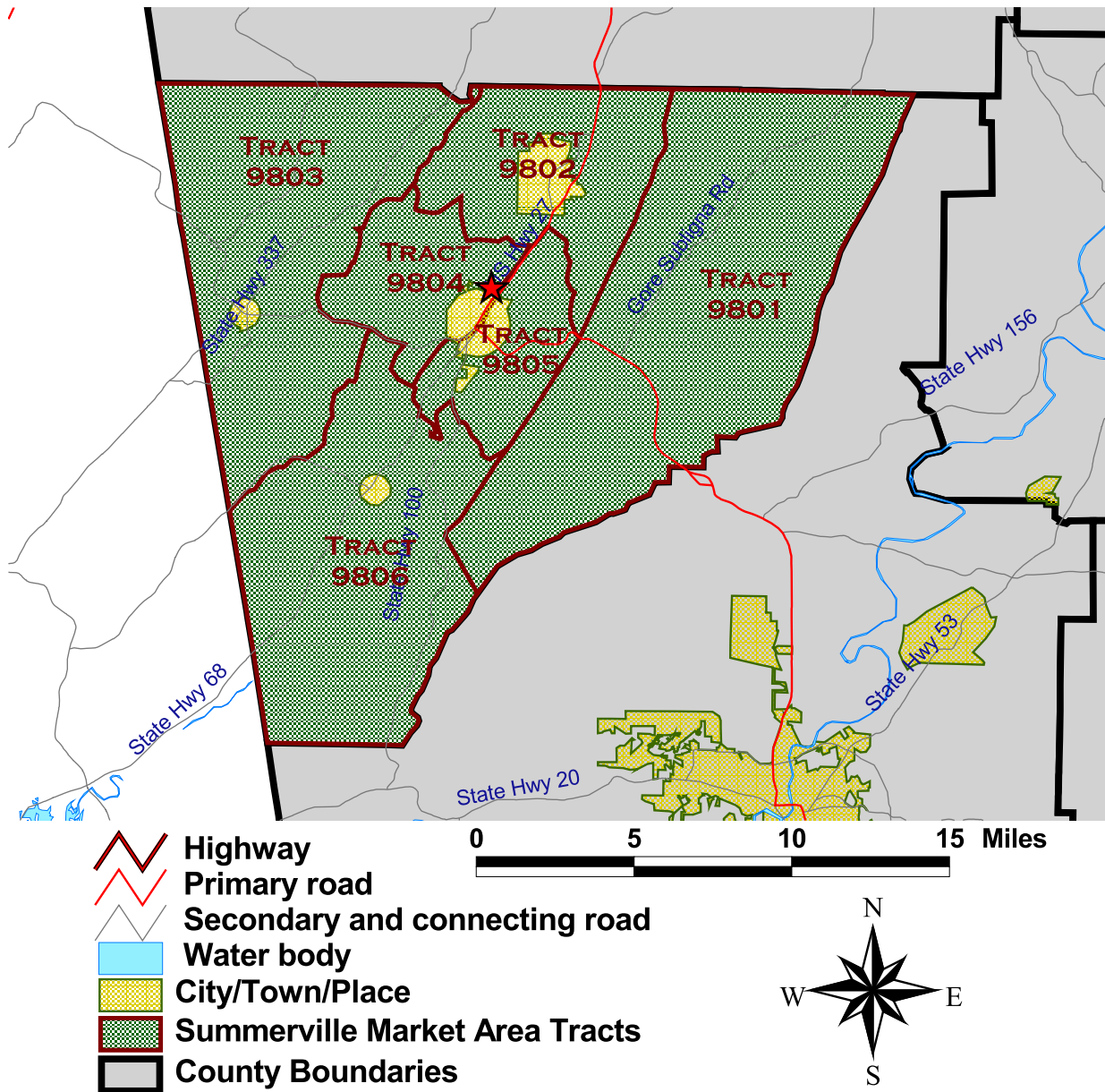
Map: Northern Georgia



Map: Primary Market Area
Summerville PMA



Map: Census Tracts
Summerville PMA



Section 5: COMMUNITY DEMOGRAPHIC DATA

Population Trends

Demographic patterns within Summerville itself declined somewhat over the past decade, while Chattooga County (which is subsequently the PMA) as a whole exhibited steady growth over the course of this time span. According to 2000 Census data, the county had a population of 25,470 persons, representing a gain of 15 percent from 1990's population count of 22,242 persons (a gain of more than 3,325 persons during the decade). In comparison, the city exhibited somewhat negative patterns over the same period – decreasing by 9 percent (a loss of 469 persons). Despite this decline within Summerville, the strong growth for Chattooga County clearly demonstrates the stability of the region.

Future population projections provided by Claritas (a third-party demographic forecasting service) illustrate both the city and county will gain in population through 2007. However, because Claritas has yet to update its database with new 2000 place delineations, the figure for Summerville may be somewhat inflated. However, forecasts for the county are realistic and should be given greater consideration as to future demographic patterns. As such, a population of 27,182 persons is forecast for the county in 2007, representing an increase of 7 percent from 2000 (an additional 1,700 persons), demonstrating ongoing overall positive patterns.

Table 5.1: Population Trends (1980 to 2007)

	<u>City of Summerville</u>	<u>Chattooga County</u>
1980 Population	5,095	21,856
1990 Population	5,025	22,242
Percent Change (1980-1990)	-1.4%	1.8%
2000 Population	4,556	25,470
Percent Change (1990-2000)	-9.3%	14.5%
2002 Population Estimate	4,747	25,959
Percent Change (2000-2002)	4.2%	1.9%
2004 Population Forecast	4,938	26,448
Percent Change (2000-2004)	8.4%	3.8%
2007 Population Forecast	5,225	27,182
Percent Change (2000-2007)	14.7%	6.7%
SOURCE: 1980-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.		

Persons between the ages of 20 and 44 will likely represent the majority of potential residents for the proposed rental facility, when considering the subject proposal's location and unit mix. As such, this key age segment was the largest population group in 2000 for both the city and county, and projections indicate it will remain the largest group within Chattooga County through 2007. For the city, the 20 to 44 age segment accounted for 33 percent of the total population in 2000, while representing 37 percent of county residents. Between 1990 and 2000, this age group increased by 21 percent within Chattooga County, while decreasing by 11 percent within Summerville over the same time span.

Claritas forecasts indicate the growth rate for the 20 to 44 age segment will remain the largest age cohort in 2007 within the county, although decreasing in number – the only age segment to do so. As this portion of the 1990 population has steadily moved into an older age group in 2000 and 2007, these decreases can largely be attributed to the ongoing aging of the baby boom generation and should not be of great concern. Despite these decreases, however, the 20 to 44 group is expected to represent 32 percent of the county's overall 2007 population count. In comparison, the 45 and over age groups (especially the 45 to 64 age cohort, which is comprised primarily of baby boomers) are expected to be the fastest growing age segment, again demonstrating the aging shift of the population seen throughout much of the nation. Overall, the continued high percentage of persons within the 20 to 44 age group seen throughout the county signify positive trends for the subject proposal by continuing to provide a solid base of potential tenants for the subject development.

Table 5.2: Age Distribution (1990 to 2007)

	<u>City of Summerville</u>	<u>Chattooga County</u>
Age Less than 20 - 1990	1,438	6,392
Percent of total 1990 population	28.6%	28.7%
Age Between 20 and 44 - 1990	1,667	7,826
Percent of total 1990 population	33.2%	35.2%
Age Between 45 and 64 - 1990	1,022	4,713
Percent of total 1990 population	20.3%	21.2%
Age 65 and Over - 1990	898	3,311
Percent of total 1990 population	17.9%	14.9%
Age Less than 20 - 2000	1,242	6,545
Percent of total 2000 population	27.3%	25.7%
Percent change (1990 to 2000)	-13.6%	2.4%
Age Between 20 and 44 - 2000	1,481	9,468
Percent of total 2000 population	32.5%	37.2%
Percent change (1990 to 2000)	-11.2%	21.0%
Age Between 45 and 64 - 2000	989	5,816
Percent of total 2000 population	21.7%	22.8%
Percent change (1990 to 2000)	-3.2%	23.4%
Age 65 and Over - 2000	844	3,641
Percent of total 2000 population	18.5%	14.3%
Percent change (1990 to 2000)	-6.0%	10.0%
Age Less than 20 - 2007	1,615	7,361
Percent of total 2007 population	30.9%	27.1%
Percent change (2000 to 2007)	30.0%	12.5%
Age Between 20 and 44 - 2007	1,612	8,588
Percent of total 2007 population	30.8%	31.6%
Percent change (2000 to 2007)	8.8%	-9.3%
Age Between 45 and 64 - 2007	1,157	7,106
Percent of total 2007 population	22.2%	26.1%
Percent change (2000 to 2007)	17.0%	22.2%
Age 65 and Over - 2007	841	4,127
Percent of total 2007 population	16.1%	15.2%
Percent change (2000 to 2007)	-0.4%	13.3%
SOURCE: 1990-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.		

Average household sizes throughout Chattooga County have historically shown a shift toward smaller family sizes and an increasing percentage of elderly households – another effect of the aging of the baby boomer generation and consistent with national trends. For Summerville, the average household size was 2.39 persons in 2000, representing a decrease of 2 percent from 1990's average of 2.45 persons. County household sizes follow the same patterns, although household sizes are generally larger. Based on projections obtained from Claritas, average household sizes are forecast to continue to decline between 2000 and 2007 at slightly higher rates than the previous decade.

Table 5.3: Average Household Size (1980 to 2007)

	<u>City of Summerville</u>	<u>Chattooga County</u>
1980 Average Household Size	2.77	2.81
1990 Average Household Size	2.45	2.61
Percent Change (1980-1990)	-11.6%	-7.3%
2000 Average Household Size	2.39	2.49
Percent Change (1990-2000)	-2.4%	-4.6%
2002 Average Household Size Estimate	2.37	2.43
Percent Change (2000-2002)	-0.8%	-2.1%
2004 Average Household Size Forecast	2.35	2.39
Percent Change (2000-2004)	-1.5%	-4.0%
2007 Average Household Size Forecast	2.33	2.32
Percent Change (2000-2007)	-2.5%	-6.5%
SOURCE: 1980-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.		

Household Trends

Consistent with population trends, Chattooga County as a whole experienced strong household growth during the past decade, while the number of households decreased within Summerville. According to 2000 Census data, households increased by 13 percent during the 1990's within the county, rising to an occupied household figure of 9,577 (an increase of more than 1,100 households). Furthermore, household projections indicate that the county is expected to increase by an additional 15 percent (1,400 new households) through 2007.

Within Summerville itself, the number of households decreased by 8 percent between 1990 and 2000, while estimates indicate a projected gain of 18 percent between 2000 and 2007. Again, future gains within the city appear somewhat inflated, but the growth forecast for the county is encouraging.

Table 5.4: Household Trends (1980 to 2007)

	<u>City of Summerville</u>	<u>Chattooga County</u>
1980 Households	1,799	7,733
1990 Households	1,977	8,467
Percent Change (1980-1990)	9.9%	9.5%
2000 Households	1,823	9,577
Percent Change (1990-2000)	-7.8%	13.1%
2002 Household Estimate	1,918	9,979
Percent Change (2000-2002)	5.2%	4.2%
2004 Household Forecast	2,013	10,381
Percent Change (2000-2004)	10.4%	8.4%
2007 Household Forecast	2,156	10,984
Percent Change (2000-2007)	18.2%	14.7%
SOURCE: 1980-2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau; Claritas, Inc.		

Growth rates for renter occupied households within Summerville and Chattooga County were similar to gains experienced by overall households during the 1990's. In 2000, 2,365 renter-occupied households were reported within the PMA, representing an increase of 11 percent from 1990 figures (a gain of more than 225 renter households). In comparison, the number of renter households within Summerville dropped by nearly 9 percent during the same time frame, representing a loss of 70 renter households.

Renter household propensities were much higher within Summerville as compared to the county, as rental homes and apartment developments are much more prevalent within the city. For the county as a whole, the renter household percentage was calculated at 25 percent in 2000, nearly identical from a decade earlier. In comparison, Summerville had a renter household percentage of 42 percent in 2000, the same as its 1990 concentration.

Table 5.5: Renter Household Trends (1990 to 2000)

	<u>City of Summerville</u>	<u>Chattooga County</u>
1990 Renter Households	828	2,138
Percent of total 1990 households	41.9%	25.3%
2000 Renter Households	758	2,365
Percent of total 2000 households	41.6%	24.7%
Percent change (1990 to 2000)	-8.5%	10.6%
SOURCE: 1990 and 2000 Census of Population and Housing, STF 1A/SF1, U.S. Census Bureau		

Housing Stock Composition

Similar within both Summerville and Chattooga County as a whole, the majority of residents were housed in single-family structures in 2000. According to U.S. Census data, approximately 71 percent of all households within the city were single-family dwellings, while 16 percent were in multi-family structures (apartments or condominiums). Mobile homes, trailers, and other arrangements represented the remaining 13 percent of the households within the city. For Chattooga County, 71 percent of all housing units were single-family structures, and 7 percent were multi-family units. In addition, 22 percent of the county's housing stock in 2000 consisted of mobile homes, much higher than the state average of 12 percent.

Table 5.6: Housing Stock Composition (2000)

	<u>City of Summerville</u>	<u>Chattooga County</u>
Single-Family	1,518	7,555
Percent of total structures	71.4%	70.8%
Multi-Family	332	705
Percent of total structures	15.6%	6.6%
2 to 4 units	214	379
Percent of total structures	10.1%	3.5%
5 or more units	118	326
Percent of total structures	5.6%	3.1%
Mobile Homes - Total	276	2,396
Percent of total structures	13.0%	22.4%
Other	0	21
Percent of total structures	0.0%	0.2%
SOURCE: Table DP-4 - U.S. Census Bureau, Census 2000, U.S. Census Bureau		

Median Gross Rent and Unit Size

The median gross rent within both Summerville and Chattooga County was recorded at \$380 in 2000, according to information recently published by the U.S. Census. These figures represent an increase of 62 percent (5 percent annually) since 1990 for the city, and an increase of 37 percent (3 percent annually) for the county as a whole.

Table 5.7: Median Gross Rent (1990 to 2000)

	<u>City of Summerville</u>	<u>Chattooga County</u>
1990 Median Gross Rent	\$234	\$278
2000 Median Gross Rent	\$380	\$380
Total percent change (1990 to 2000)	62.4%	36.7%
Annual percent change (1990 to 2000)	5.0%	3.2%
SOURCE: 1990 and 2000 Census of Population and Housing, STF 3A/SF 3, U.S. Census Bureau; CRG		

As was the case with overall household sizes, the city has slightly smaller average renter household sizes when compared to Chattooga County as a whole. Data collected from the U.S. Census Bureau on the rental unit size distribution reveal that nearly two-thirds of all rental units within Summerville contain only one or two persons. As such, one-person households accounted for the majority of all rental units in 2000 at 39 percent, while two-person households represented 27 percent. Three- and four-person households represented 26 percent of all renter households, while those households with five or more persons accounted for 8 percent of the PMA's rental household count.

With a relatively broad mix of rental households within Chattooga County (60 percent two persons or less; 40 percent three persons or more), the subject proposal's mix of one, two, and three bedroom units is properly positioned and consistent with characteristics of the existing rental market. The average persons per rental unit ratio was calculated at 2.43 persons for 2000, slightly smaller than that recorded a decade earlier.

Table 5.8: Rental Unit Size Distribution (2000)

	<u>City of Summerville</u>	<u>Chattooga County</u>
One Person	294	804
Percent of total renter households	38.8%	34.0%
Two Persons	207	619
Percent of total renter households	27.3%	26.2%
Three or Four Persons	196	722
Percent of total renter households	25.9%	30.5%
Five or More Person	61	220
Percent of total renter households	8.0%	9.3%
Median Persons Per Rental Unit - 1990	2.35	2.58
Median Persons Per Rental Unit - 2000	2.28	2.43
SOURCE: 1990 and 2000 Census of Population and Housing, SF1, U.S. Census Bureau		

Economic and Social Characteristics

Summerville's economy is relatively balanced, but has historically been dependent on the textile/carpet industries. Based on recently released 2000 Census data (with only place and county information available), the majority of the area's employment is largely based in the manufacturing, service, and retail trade sectors. As such, the manufacturing sector represented the largest employment segment by far within both Summerville and Chattooga County in 2000, accounting for 44 and 48 percent of all employed persons, respectively. Service occupations were the second most prevalent source of employment, representing 24 percent of all employed persons for both areas.

Table 5.9: Employment by Industry (2000)

	City of Summerville	Chattooga County
Agriculture and Mining	18	186
Percent	1.0%	1.7%
Construction	108	738
Percent	6.1%	6.9%
Manufacturing	842	4,643
Percent	47.8%	43.7%
Transportation and Public Utilities	40	377
Percent	2.3%	3.5%
Wholesale Trade	6	168
Percent	0.3%	1.6%
Retail Trade	227	1,114
Percent	12.9%	10.5%
Finance, Insurance, & Real Estate	19	304
Percent	1.1%	2.9%
Services	416	2,599
Percent	23.6%	24.4%
Public Administration	85	503
Percent	4.8%	4.7%

SOURCE: Table DP-3 - U.S. Census Bureau, Census 2000, U.S. Census Bureau

According to commuting patterns from the 1990 U.S. Census (this detailed information is not yet available for 2000), the vast majority of county residents (63 percent) were employed inside of the county, while 15 percent were employed in neighboring Walker County to the north and another 11 percent in Floyd County to the south. Just over one percent were employed in Alabama, which is somewhat surprising given the location along its border.

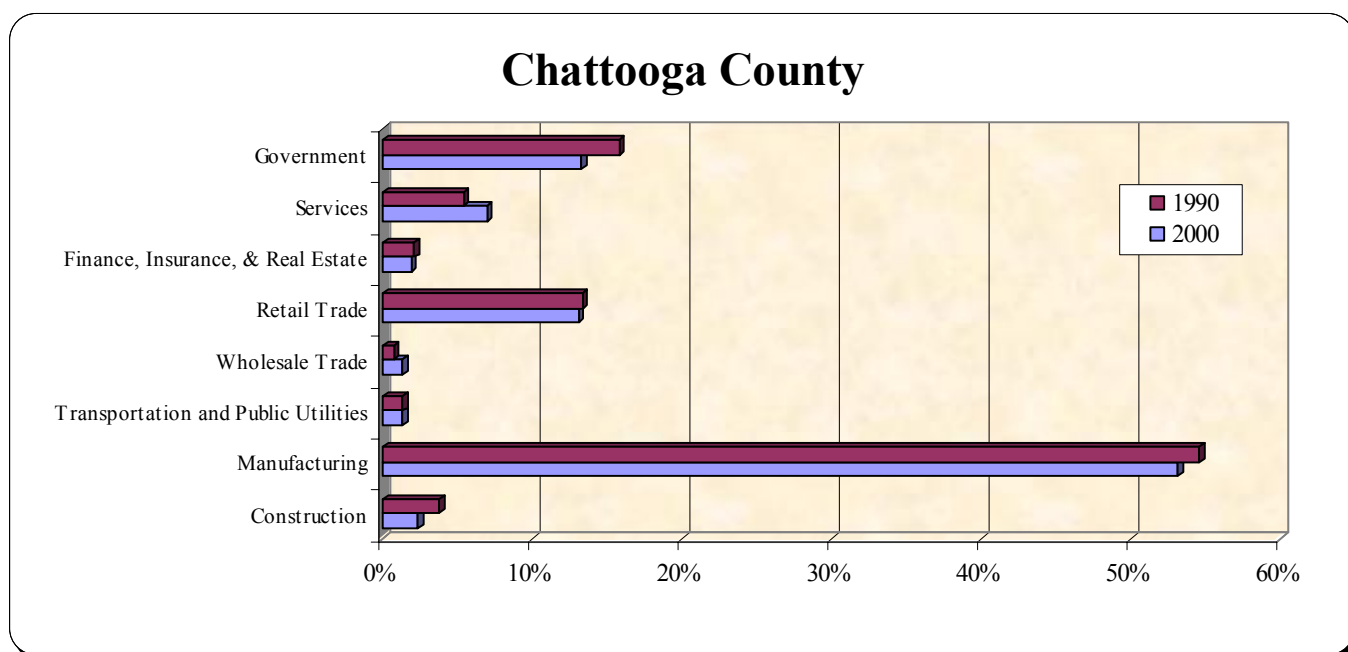
Table 5.10: Employment by Place of Work (1990)

	City of Summerville	Chattooga County
Place of Work within County	1,262	6,069
Percent	67.6%	62.6%
Place of Work Outside of County	559	3,399
Percent	30.0%	35.1%
Place of Work Outside of State	45	225
Percent	2.4%	2.3%
SOURCE: 1990 Census of Population and Housing, STF 3A, U.S. Census Bureau		

According to information contained in the Chattooga County Area Labor Profile published by the Georgia Department of Labor (which is based on 1990 Census data), 83 percent of persons that worked within Chattooga County in 1990 actually lived within the county. The two other most significant sources of employees for local businesses include persons residing in Alabama (representing 7 percent of the county's workforce) and Walker County (5 percent).

ES-202 employment data in the following figure obtained from the U.S. Bureau of Labor Statistics illustrates employment trends within Chattooga County during the past decade. As can be seen, the employment distribution between 1990 and 2000 remained relatively the same. Overall, the manufacturing sector was dominant representing 53 percent of all employed persons in 2000 – slightly lower than its 1990 representation of 54 percent (a net increase of 15 percent during this time span, however). Next are the retail trade and government sectors, each representing 13 percent of employment in 2000. It is quite clear that the overall economy throughout Chattooga County has remained quite strong over the decade, as most every employment sector gained in net employment since 1990, most notably within the wholesale trade industry (an increase of 109 percent) and the services industry (50 percent gain).

Figure One: Employment Distribution by Industry – 1990 vs. 2000



The following list, provided by the Chattooga County Chamber of Commerce, describes the major manufacturing employers situated within the county. As can be seen, Mt. Vernon Mills is the largest employer in the county, and boasts itself as “the world’s largest denim manufacturer at one location.” Mohawk Industries is also a major factor within the county’s economy, employing more than 1,250 persons in two locations (Summerville and Lyerly). The Hayes Correctional Facility and Best Manufacturing are also key influences in the area’s economy. The top 10 manufacturing employers (in addition to Hayes Correctional) within Chattooga County include the following:

<u>Employer</u>	<u>Product</u>	<u>Employees</u>
Mt. Vernon Mills/Riegel Division	Denim manufacturing	2,087
Mohawk Industries	Carpet manufacturing	834
Hayes Correctional Institution	State Prison	430
Best Manufacturing Co.	Glove manufacturing	425
Mohawk Industries-S’ville Extrusion	Carpet manufacturing	421
Wire Tech, Inc.	Wire harnesses	65
J.P. Smith Lumber Co.	Lumber	65
Smith Ironworks	Steel fabrication	53
J Bar, Inc.	Farm implements	45

Outside of a 9 percent drop in employment between 2000 and 2001, employment levels within Chattooga County have been fairly level since 1992. Although the county did not record any significant job growth during the past decade, the annual unemployment rate has been consistent with the state average and slightly lower than the national average since 1993. Information obtained from the Georgia Department of Labor is presented in the following figures and clearly illustrates these employment patterns throughout the county. Approximately 500 jobs (a 5 percent increase) have been added to the county since 1990. Although the number of employed persons decreased substantially between 2000 and 2001 due to an economic slowdown (by nearly 1,000 jobs), the unemployment rate, at 4.4 percent, remained below the national average of 4.8 percent. Furthermore, it appears that the local economy has improved in recent months. As of April 2002, the unemployment rate for Chattooga County was reported at 2.7 percent (as compared to 4.3 percent for April 2001), falling substantially below the state average (4.2 percent) and national average (5.7 percent).

Figure Two: Area Employment Growth – Chattooga County

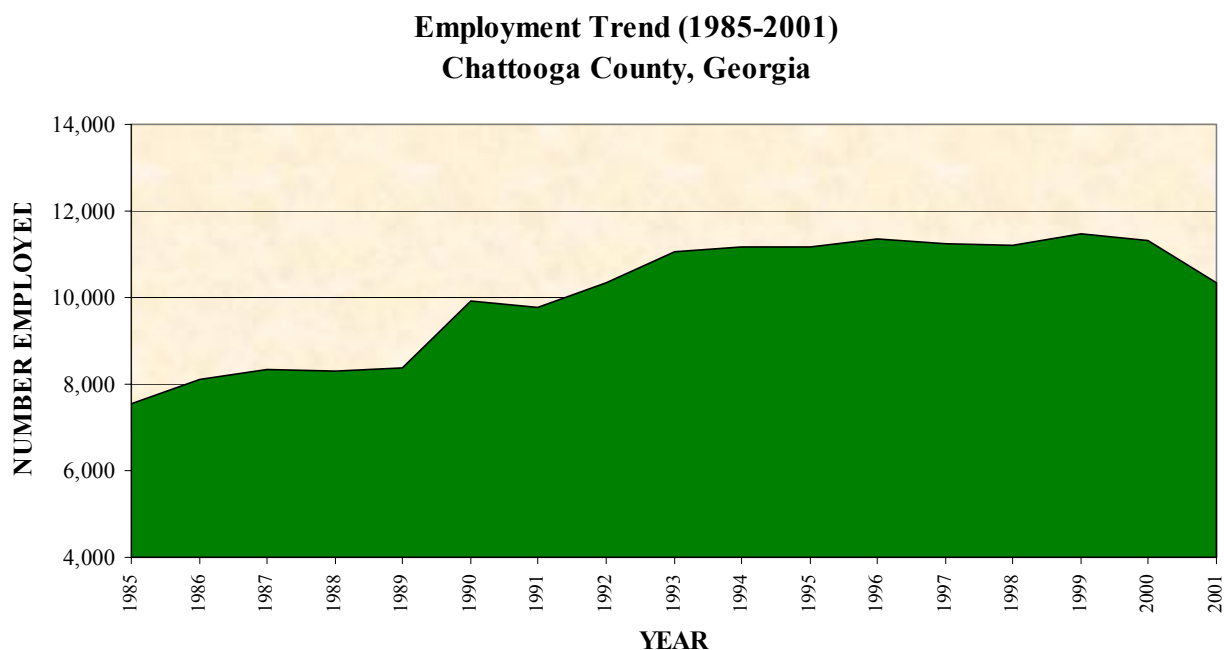
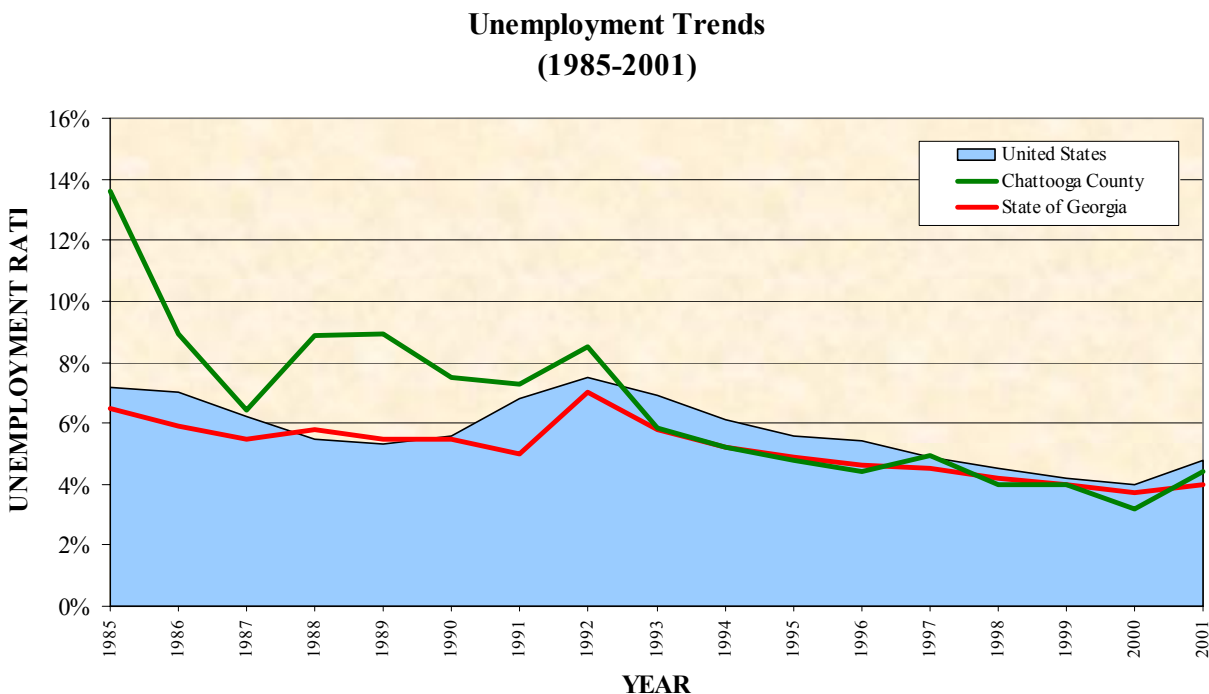


Figure Three: Unemployment Rate Comparison



Based on information from the Chattooga County Chamber of Commerce, no significant additions or contractions in employment are expected locally. Mohawk Industries closed one of its facilities a year or two ago and moved many positions out of the county to Calhoun, thus partially explaining the large employment decrease between 2000 and 2001. However, the current economy is stable, and many firms that reduced the number of employees in the past year or so have begun to re-hired.

Overall, the county's prevailing average incomes are reflective of the need for modern, safe, affordable housing. The relatively low unemployment rate since 1993 is indicative of positive economic conditions. However, most positions are typically in the lower paying categories, further emphasizing the importance of affordable housing alternatives.

Table 5.11: Employment Trends (1985 to Present)

	<i>Chattooga County</i>				<i>State of Georgia</i>	<i>United States</i>
<i>Year</i>	<i>Labor Force</i>	<i>Number Employed</i>	<i>Annual Change</i>	<i>Unemployment Rate</i>	<i>Unemployment Rate</i>	<i>Unemployment Rate</i>
1985	8,756	7,563	7,563	13.6%	6.5%	7.2%
1986	8,896	8,102	539	8.9%	5.9%	7.0%
1987	8,912	8,339	237	6.4%	5.5%	6.2%
1988	9,108	8,298	(41)	8.9%	5.8%	5.5%
1989	9,206	8,383	85	8.9%	5.5%	5.3%
1990	10,741	9,937	1,554	7.5%	5.5%	5.6%
1991	10,522	9,757	(180)	7.3%	5.0%	6.8%
1992	11,298	10,338	581	8.5%	7.0%	7.5%
1993	11,753	11,067	729	5.8%	5.8%	6.9%
1994	11,771	11,159	92	5.2%	5.2%	6.1%
1995	11,720	11,160	1	4.8%	4.9%	5.6%
1996	11,879	11,354	194	4.4%	4.6%	5.4%
1997	11,828	11,241	(113)	5.0%	4.5%	4.9%
1998	11,672	11,209	(32)	4.0%	4.2%	4.5%
1999	11,964	11,484	275	4.0%	4.0%	4.2%
2000	11,705	11,333	(151)	3.2%	3.7%	4.0%
2001	10,816	10,339	(994)	4.4%	4.0%	4.8%
Apr-02	10,725	10,433	94	2.7%	4.2%	5.7%

	<u><i>Number</i></u>	<u><i>Percent</i></u>
Change (1985-1990):	2,374	31.4%
Change (1990-1995):	1,223	12.3%
Change (1995-2000):	173	1.6%
Change (1990-Present):	496	5.0%

Income Trends

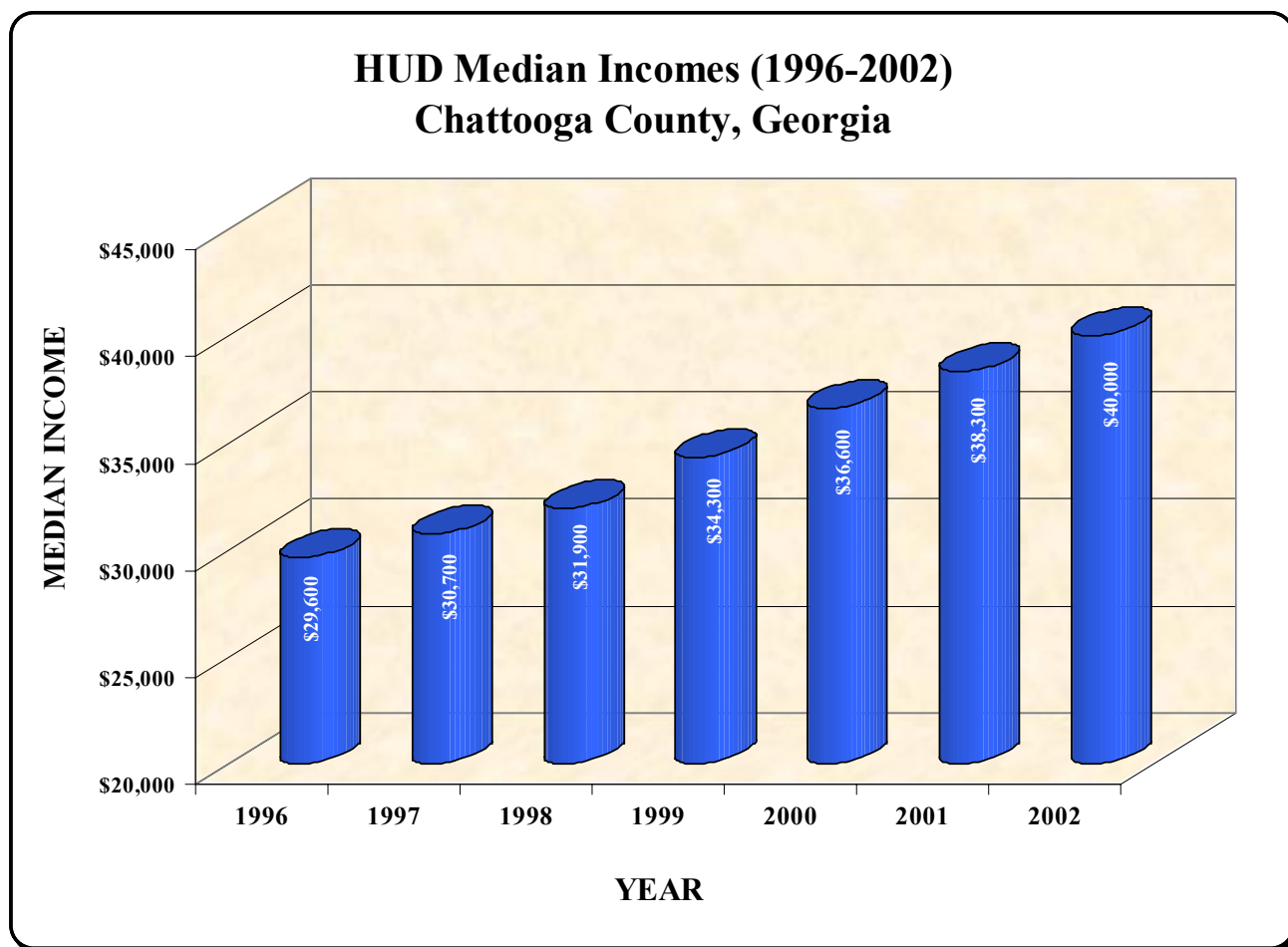
Median household income levels throughout the Summerville PMA have experienced relatively healthy gains since 1980. The median household income for Summerville (as reported within 2000 Census Table DP-3) was \$24,911 in 1999, while Chattooga County had a median household income of \$30,664. This figure for the county represents an increase of 51 percent from 1989, and an average annual increase of 4.2 percent for the decade, while Summerville had a similar average annual increase of 4.3 percent during the 1990's. In comparison to the median household income for the state of Georgia (\$42,433), incomes within Summerville and Chattooga County were 41 percent and 28 percent lower than the state average, respectively. According to Claritas, the rate of income growth is forecast to slow somewhat through 2007. It is projected that the city will increase by 2.2 percent annually between 2000 and 2007, similar to the county (2.3 percent annually). As can be seen, the region is much less affluent than other areas of the state. This fact, coupled with income growth that is expected to lag behind much of the state, emphasizes that affordable housing options will become increasingly important.

Table 5.12: Median Household Incomes (1979 to 2007)

	<u>City of Summerville</u>	<u>Chattooga County</u>
1979 Median Income	\$11,879	\$12,908
1989 Median Income	\$16,326	\$20,335
Total percent change (1979 to 1989)	37.4%	57.5%
Annual percent change (1979 to 1989)	3.2%	4.6%
1999 Estimated Median Income	\$24,911	\$30,664
Total percent change (1989 to 1999)	52.6%	50.8%
Annual percent change (1989 to 1999)	4.3%	4.2%
2002 Estimated Median Income	\$26,726	\$32,924
Total percent change (1999 to 2002)	7.3%	7.4%
Annual percent change (1999 to 2002)	2.4%	2.4%
2004 Estimated Median Income	\$27,936	\$34,430
Total percent change (1999 to 2004)	12.1%	12.3%
Annual percent change (1999 to 2004)	2.3%	2.3%
2007 Forecast Median Income	\$29,752	\$36,690
Total percent change (1999 to 2007)	19.4%	19.7%
Annual percent change (1999 to 2007)	2.2%	2.3%
SOURCE: 1980 - 2000 Census of Population and Housing, STF 3A/SF 3, U.S. Census Bureau; Claritas		

Increases in median income for Chattooga County during the latter part of the 1990's, as measured by HUD, are slightly higher when compared to income appreciation between 1990 and 2000 reported within the U.S. Census. According to HUD median income trends, the average annual increase was 5.1 percent for the county between 1996 and 2002, but increased by 4.2 percent annually between 1989 and 1999, based on Census figures. The most recent HUD estimates indicate the county's median income has slowed slightly since 2000 (although still at healthy levels), increasing by 4.6 percent between 2000 and 2001, and by 4.2 percent between 2001 and 2002. Considering stable on-going local and regional economic conditions, further increases in HUD Area Median Income levels are anticipated to continue in the near future.

Figure Four: HUD Median Income Trends



Income-Qualified Population

The key income range for the tax credit portion of the proposed facility is approximately \$10,300 to \$24,450 (in current dollars). Utilizing the most recent income distribution from the 2000 U.S. Census, the \$10,000 to \$25,000 income range accounts for a sizeable number of low- and moderate-income households throughout the area. Approximately 27 percent of all county households fall within the LIHTC income criteria, along with 30 percent of Summerville itself within this range. This equates to more than 2,500 income-qualified households within the market area.

Table 5.13: Household Income Distribution (1999)

	<u>City of Summerville</u>	<u>Chattooga County</u>
Less than \$10,000	361	1,284
Percent of 1999 Households	19.8%	13.4%
\$10,000 to \$14,999	198	824
Percent of 1999 Households	10.8%	8.6%
\$15,000 to \$24,999	357	1,760
Percent of 1999 Households	19.5%	18.4%
\$25,000 to \$34,999	199	1,548
Percent of 1999 Households	10.9%	16.1%
\$35,000 to \$49,999	371	1,855
Percent of 1999 Households	20.3%	19.3%
\$50,000 to \$74,999	221	1,518
Percent of 1999 Households	12.1%	15.8%
\$75,000 to \$99,999	62	462
Percent of 1999 Households	3.4%	4.8%
More than \$100,000	58	339
Percent of 1999 Households	3.2%	3.5%
SOURCE: 2000 Census of Population and Housing, U.S. Census Bureau, Summary Table DP-3		

Furthermore, it is important to note that this percentage of income-qualified households could greatly increase if households wished to pay a higher than expected percentage of household income for housing (35 percent or more). Based on the data provided on household incomes, it is clear that sufficient depth is present within this income segment for the normal absorption of the proposed rental facility within the Summerville rental market.

Section 6: DEMAND ANALYSIS

Demand for Tax Credit Rental Units

Overall population and household projections are illustrated in the following table, along with demand forecasts for the subject proposal across all applicable income bands and bedroom types. Demand estimates are measured from three key sources: household growth, existing renter households, and substandard housing. Households that are rent-overburdened have been omitted from the following demand forecasts to reduce double counting as well as to keep a conservative focus.

All demand sources will be income-qualified, based on the targeting plan of the subject proposal and current LIHTC income restrictions, as published by HUD and the Georgia DCA. For the subject proposal, demand calculations will be based on the starting LIHTC rental rate, a 35 percent rent-to-income ratio, and an income ceiling of \$24,450 (the statewide 6-person income limit at 50 percent AMI). As a result, the LIHTC income-eligibility range is \$10,320 to \$24,450.

By applying the qualified income range, overall 2000 household distribution, and household forecasts to the recently released U.S. Census income data, the number of income-qualified households can be calculated. Based on U.S. Census data and projections from Claritas, a total of 199 new renter households are estimated between 2000 and 2004. By applying the income-qualified percentage (25 percent within the PMA) to this figure, a total demand of 50 LIHTC units can be calculated as a result of new rental household growth.

The second source of demand is from existing renter households in 2000. Based on a total of 2,365 rental households reported within the PMA (which equals to nearly 25 percent of all households), and applying the appropriate income-qualified percentage, a total demand of 600 units has been determined from existing renter households.

And lastly, utilizing Census data on substandard rental housing, it is estimated that approximately 9 percent of all renter households within the Summerville PMA could be considered substandard, either by virtue of overcrowding (a greater than 1-to-1 ratio of persons to rooms) or incomplete plumbing facilities (a unit that lacks at least a sink, bathtub, or toilet). Applying this percentage, along with the renter propensity and income-qualified percentage, to the number of households currently present in 2000 (the base year utilized within the demand calculations), a total demand resulting from substandard units is calculated at 52 within the PMA.

Combining all these sources yields a total demand of 703 units for the subject proposal. Calculations by individual income group and bedroom type are also provided using the same methodology. However, because obvious overlap exists among bedroom sizes, the most accurate measurement of *total* LIHTC demand is the overall figure.

No comparable LIHTC rental projects have entered the market or have received funding within the Summerville PMA since 1999. Therefore, no units need to be deducted from the demand factors listed previously.

It is worth noting at this time that these demand calculations do not consider that the construction of a new rental facility typically generates interest above movership ratios typically observed. In this case, a new rental housing option for low and moderate-income households should receive a positive response due to high occupancy levels within existing rental options, the limited number of non-subsidized three-bedroom units, and its spacious unit sizes. The demand forecasts represent the minimum demand potential for the proposed facility. Other demand-related considerations include ongoing positive economic conditions within Chattooga County, which would have an obvious impact on the demand for rental housing.

Table 6.1: Demand Calculation – by AMI (2004)

2000 Total Occupied Households	9,577
2000 Owner-Occupied Households	7,212
2000 Renter-Occupied Households	2,365
	50%
	<u>AMI</u>
DEMAND FROM NEW HOUSEHOLD GROWTH	
Renter Household Growth, 2000-2004	199
Percent Income Qualified Renter Households	25.4%
Total Demand From New Households	50
DEMAND FROM EXISTING RENTER HOUSEHOLDS-2000	
Percent Renter Households in 2000	24.7%
Percent Income Qualified Renter Households	25.4%
Total Demand From Existing Renter Households	600
Percent Renters in Substandard Housing	8.7%
Percent Income Qualified Renter Households	25.4%
Total Demand From Substandard Renter Households	52
Total Demand From Existing Renter Households	652
TOTAL DEMAND	703
LESS: Total Comparable Units Constructed Since 1999	0
LESS: Total Comparable Units Proposed/Under Construction	0
TOTAL NET DEMAND	703
PROPOSED NUMBER OF UNITS	40
CAPTURE RATE	5.7%
Note: Totals may not sum due to rounding	
SOURCE: 1990/2000 U.S. Census of Population and Housing, U.S. Census Bureau; Claritas	

Table 6.2: Demand Calculation – by Bedroom (2004)

2000 Total Occupied Households	9,577				
2000 Owner-Occupied Households	7,212				
2000 Renter-Occupied Households	2,365				
		<u>1BR</u>	<u>2BR</u>	<u>3BR</u>	<u>Total</u>
		<u>Units</u>	<u>Units</u>	<u>Units</u>	<u>LIHTC</u>
DEMAND FROM NEW HOUSEHOLD GROWTH					
Renter Household Growth, 2000-2004	199	199	199	199	
Percent Income Qualified Renter Households	9.9%	10.0%	11.8%	25.4%	
Total Demand From New Households	20	20	23	50	
DEMAND FROM EXISTING RENTER HOUSEHOLDS-2000					
Percent Renter Households in 2000	24.7%	24.7%	24.7%	24.7%	
Percent Income Qualified Renter Households	9.9%	10.0%	11.8%	25.4%	
Total Demand From Existing Renter Households	234	237	279	600	
Percent of Renters in Substandard Housing	8.7%	8.7%	8.7%	8.7%	
Percent Income Qualified Renter Households	9.9%	10.0%	11.8%	25.4%	
Total Demand From Substandard Renter Households	20	20	24	52	
Total Demand From Existing Households	254	257	303	652	
TOTAL DEMAND	273	277	326	703	
LESS: Total Comparable Units Constructed Since 1999	0	0	0	0	
LESS: Total Comparable Units Proposed/Under Construction	0	0	0	0	
TOTAL NET DEMAND	273	277	326	703	
PROPOSED NUMBER OF UNITS	10	20	10	40	
CAPTURE RATE	3.7%	7.2%	3.1%	5.7%	
Note: Totals may not sum due to rounding					
SOURCE: 1990/2000 U.S. Census of Population and Housing, U.S. Census Bureau; Claritas					

Capture and Absorption Rates

From the LIHTC demand calculations, capture rates provide an indication of the percentage of annual income-qualified demand necessary for the subject property. Lower capture rates indicate generally deeper markets, thus reducing risk and hastening potential absorption periods.

An overall capture rate of 5.7 percent was determined based on the demand calculation (including renter household growth, existing renter households, substandard units, and excluding any comparable rental activity since 1999), providing an indication of the subject proposal's market depth within the Summerville PMA. Considering the location of the subject property, as well as the overall high occupancy rates within existing rental properties throughout the area, the capture rate provides a realistic indication of the subject's marketability, and should be considered a positive factor.

Taking into consideration the high overall occupancy rates throughout the Summerville PMA, positive economic conditions, steady demographic growth, the modern amenities and spacious units sizes within the proposal, as well as the limited number of non-subsidized three-bedroom units in the market, an estimate of the overall absorption rate can be conservatively calculated at approximately eight to ten units per month, on average. The resulting absorption period to reach 93 percent occupancy is four to five months. This estimate is based on an approximate market entry no earlier than late 2003; pre-leasing activity resulting in a minimum of 20 percent pre-leasing of the project; and assumes all units will enter the market at approximately the same time. As such, evidence presented within the market study suggests that a normal lease-up period should be anticipated based on project characteristics as proposed.

Section 7: SUPPLY ANALYSIS

Summerville Rental Market Characteristics

A survey of existing rental projects within the Summerville PMA (including Trion and Menlo) was completed by Community Research Group in May/June 2002. Excluding senior-only developments, a total of 10 rental complexes within the area were contacted and questioned for information such as current rental rates, amenities, and vacancy levels. General survey results for the overall rental market are described below and are presented on the following pages, providing an indication of overall market conditions throughout the area.

Of the developments contacted, a total of 481 units were reviewed. The overall unit mix among these facilities include 5 percent efficiency units, 26 percent one-bedroom units, 49 percent two-bedroom units, 16 percent three-bedroom units, and the remaining 4 percent four-bedroom units. The average year of construction for the facilities was 1979 – averaging roughly 23 years old, and indicative of a somewhat aged rental stock. Four of the developments contacted were constructed in 1975 or earlier, and three have been constructed since 1990 with the most recent facility developed in 1993 (Devonwood Apartments). As such, any new facility offering modern amenities should receive considerable attention, and would undoubtedly be a welcomed development due to the relatively aged condition of the current rental stock and the need for more modern rental facilities within the PMA.

The majority of the developments contacted (7 projects) reported to contain some kind of income restrictions. Of these, none were tax credit, but five were RHS 515 projects and two were Public Housing.

Despite its composition of a large number of older rental developments, PMA occupancy levels discovered during the survey indicate that an extremely strong rental market exists within the Summerville area, regardless of age, rent levels, or unit mix. With seven of the ten developments reporting to be fully occupied, the overall occupancy rate was calculated at 98 percent, based on our survey results. These occupancy levels are extremely high, and are clearly representative of positive rental market conditions throughout the immediate area.

Detailed survey results are illustrated in tables on the following pages. Overall, the average rent for a one-bedroom unit was calculated at \$293 per month, although this may be inflated somewhat due to the inclusion of market rents for the RHS developments. Using just the basic rental rates in these facilities, an adjusted average rent for a one-bedroom unit is \$258. In addition, accurate unit size information was not available within most projects contacted, but the average size of one-bedroom units within the market is estimated 700 square feet – resulting in an average rent per square foot ratio range of \$0.37 to \$0.42.

The average rent for a two-bedroom unit was \$336 including market rents in RHS projects, and \$292 utilizing only the basic rents. The average size of these units was calculated at 911 square feet, resulting in average rent per square foot ratio range of \$0.32 to \$0.37. Just two developments reported three-bedrooms in its unit mix, with rents ranging between \$300 and \$327.

Amenity packages offered at area developments, in terms of selection and features, are more or less the reflection of construction date and level of subsidy available. As such, the most common amenities found within the market include walk-in closets (80 percent), central air conditioning (80 percent), coin-operated laundry (70 percent), and mini-blinds (70 percent). More modern amenities such as dishwashers (0 percent), garbage disposals (10 percent), and club house/community room (0 percent) simply are not available within the local rental market. Amenities that will be contained within the subject that are not as prevalent throughout the market will clearly aid in the marketability of the facility, including an exercise/fitness room and in-unit laundry hook-up.

In comparison to the market, the relative value of the subject proposal can be clearly be demonstrated when considering amenities and rent per square foot ratios. The subject's ratios of \$0.30 per square foot for a one-bedroom unit, \$0.27 for a two-bedroom unit, and \$0.25 for a three-bedroom unit are extremely low, and below those calculated for every development in the market – even when utilizing basic rental rates – clearly demonstrating the affordability of the proposal. Coupled with the amenity package and spacious unit sizes to be offered, the proposal's value is even more apparent.

As previously mentioned, there are no tax credit properties within the Summerville market area at the present time. However, it is worth noting that three RHS projects are situated within ¼ mile east of the subject property: Maplewood Apartments I, Maplewood Apartments II, and Lake Wanda Reita Apartments. Although constructed in two phases 4 years apart, **Maplewood I and II** are virtually identical in appearance. Overall, the development consists of 74 units constructed in 1986 (42 units) and 1990 (32 units) through the RHS 515 program (no Rental Assistance available) with a mix of two-story townhomes and one-story apartments. The development itself is in good condition (with partial brick exterior) with fair landscaping. The third project, **Lake Wanda Reita Apartments**, is adjacent to Maplewood Apartments and consists of 40 units in two-story structures developed in 1983 through Rural Development (also with no RA). The exterior of the buildings are in fair to good condition (combination brick and wood), while the landscaping can be considered as poor. Although each of these facilities has limited amenities, both were 100 percent occupied with a waiting list. According to the resident manager, the low turnover in these projects results in very long waiting lists.

It should also be noted that a senior rental project is situated less than ½ mile south of the site along Marvin Avenue. The facility, McGinnis Memoria Apartments, is a five-story elderly Public Housing facility in good condition. Although not directly comparable to the subject proposal, the project is entirely occupied with a waiting list no shorter than 3 months.

It is also worth mentioning that a large number of public housing duplexes are scattered throughout the city. Per information from the local public housing agency, there are a total of 225 of these units varying in age and condition. In addition, approximately 10 units are under construction along Woodland Street, less than ¾ mile south of the site.

Per Summerville and Chattooga County planning officials, no comparable larger multi-family activity is present. Outside of the public housing units under construction, an elderly project has been discussed, but no formal plans have been submitted.

From a market standpoint, it is evident that ample demand is present for additional rental units within the Summerville PMA targeted for single and family households. In light of an occupancy rate calculated at greater than 98 percent for the overall market, additional affordable units should be absorbed into the local rental market within a normal period of time with no long-term adverse effects on existing local rental facilities. Also considering that public housing units represent 92 percent of all three-bedroom units, the subject proposal's unit mix (consisting of 10 three-bedroom units) should prove beneficial during lease-up.

Please note that information on Summerville Garden Apartments could not be obtained after repeated attempts.

Table 7.1: Rental Housing Survey

Project	Year	Total Units	Eff	1BR	2BR	3BR	4BR	Heat Included	Source	Electric Included	Overall % Occupancy
DEVONWOOD APTS	1993	24	0	6	18	0	0	No	H2O	No	100%
HANKINS APTS	1975	12	0	0	12	0	0	No	GAS	No	83%
LAKE WANDA REITA APTS	1983	40	0	8	26	6	0	No	ELE	No	100%
LAWRENCE HOMES	1967	20	0	6	7	6	1	No	ELE	No	100%
MAPLEWOOD APTS I	1986	42	0	12	30	0	0	No	GAS	No	100%
MAPLEWOOD APTS II	1990	32	0	10	22	0	0	No	ELE	No	100%
PINE HILLS APTS	1982	12	0	10	2	0	0	No	ELE	No	83%
PUBLIC HOUSING APTS	1959	225	23	48	76	59	19	Yes	GAS	No	100%
RALPH CHAMBLEY	1972	42	0	14	24	4	0	No	ELE	No	90%
SILVERLEAF APTS	1992	32	0	12	20	0	0	No	ELE	No	100%
Totals & Averages	1979	481	23	126	237	75	20				98.3%
Subject Project											
MELODIE MEADOW APTS	2004	40	0	10	20	10	0	No	ELE	No	

Table 7.2: Rent Range for 1 & 2 Bedrooms

Project	Subsidized	1 BR Rent	1 BR SQ. FT	1 BR Rent/SQ. FT	2 BR Rent	2 BR SQ. FT	2 BR Rent/SQ. FT
DEVONWOOD APTS	No	\$235	700	\$0.34	\$265	900	\$0.29
HANKINS APTS	No				\$300	740	\$0.41
LAKE WANDA REITA APTS	Yes	\$272	700	\$0.39	\$297	900	\$0.33
LAWRENCE HOMES	Yes						\$0.36
MAPLEWOOD APTS I	No	\$240	700	\$0.34	\$265	900	\$0.29
MAPLEWOOD APTS II	Yes	\$240	700	\$0.34	\$265	900	\$0.29
PINE HILLS APTS	No	\$340			\$400		\$0.47
PUBLIC HOUSING APTS	Yes						
RALPH CHAMBLEY	No	\$235			\$275		
SILVERLEAF APTS	Yes	\$245	700	\$0.35	\$270	900	\$0.30
Totals & Averages		\$293	700	\$0.42	\$336	911	\$0.37
Subject Project							
MELODIE MEADOW APTS	No	\$245	813	\$0.30	\$286	1077	\$0.27

Table 7.3: Rent Range for 3 & 4 Bedrooms

Project	Program	3 BR Rent	3 BR SQ. FT	3 BR Rent/SQ. FT	4 BR	4 BR SQ. FT	4 BR Rent/SQ. FT
DEVONWOOD APTS	RHS 515						
HANKINS APTS							
LAKE WANDA REITA APTS	RHS 515	\$327	1100	\$0.30			\$0.32
LAWRENCE HOMES	PUB HSG	\$357					
MAPLEWOOD APTS I	RHS 515						
MAPLEWOOD APTS II	RHS 515						
PINE HILLS APTS							
PUBLIC HOUSING APTS	PUB HSG						
RALPH CHAMBLEY		\$300					
SILVERLEAF APTS	RHS 515						
Totals & Averages		\$328	1,100	\$0.30			
Subject Project							
MELODIE MEADOW APTS	LIHTC	\$325	1275	\$0.25			

Table 7.4: Project Amenities

	Central Air	Club House	Coin Op Laundry	Dish Washer	Exercise Room	Garbage Disposal	In-unit Laundry	Laundry Hookup	Mini Blinds	Patio/ Balcony	Play ground	Storage	Walk-in Closet
DEVONWOOD APTS	Yes	No	Yes	No	No	No	No	Yes	Yes	No	No	Yes	Yes
HANKINS APTS	No	No	No	No	No	No	No	Yes	No	No	No	No	Yes
LAKE WANDA REITA APTS	Yes	No	Yes	No	No	Yes	No	Yes	Yes	Yes	No	No	Yes
LAWRENCE HOMES	Yes	No	Yes	No	No	No	No	No	Yes	No	No	No	Yes
MAPLEWOOD APTS I	Yes	No	Yes	No	No	No	No	Yes	Yes	Yes	No	Yes	Yes
MAPLEWOOD APTS II	Yes	No	Yes	No	No	No	No	Yes	Yes	No	No	Yes	Yes
PINE HILLS APTS	Yes	No	No	No	No	No	No	Yes	Yes	No	No	No	No
PUBLIC HOUSING APTS	Yes	No	Yes	No	No	No	No	No	No	No	Yes	No	Yes
RALPH CHAMBLEY	No	No	No	No	No	No	No	No	No	No	No	No	No
SILVERLEAF APTS	Yes	No	Yes	No	No	No	No	No	Yes	Yes	No	No	Yes
Totals & Averages	80%	0%	70%	0%	0%	10%	0%	60%	70%	30%	10%	30%	80%
Subject Project													
MELODIE MEADOW APTS	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	No	No	No

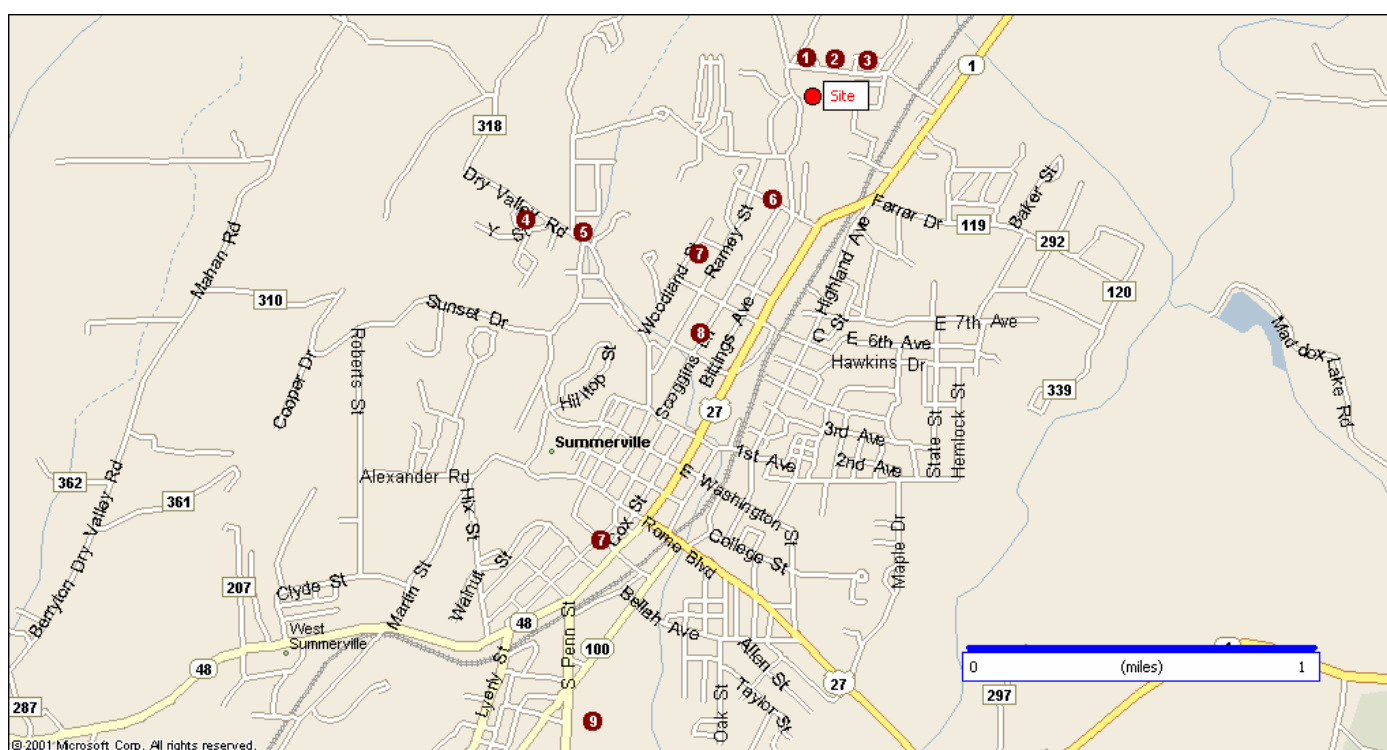
Table 7.5: Additional Comparable Information

Project	Phone	Contact	Condition	Turnover	Subsidy	Concessions	Other
DEVONWOOD APTS	706-857-4333	Peggy	Good	Low	9 units	None	Long waiting list
HANKINS APTS	706-857-1954	Gwen	Poor	Moderate	None	None	Rent by the week
LAKE WANDA REITA APTS	706-857-5821	Trampus	Fair	Low	7 units	None	6 persons on wait list
LAWRENCE HOMES	706-862-2240	Glenda	NA	Moderate	20 units	None	Located in Menlo; short wait list
MAPLEWOOD APTS I	706-857-4333	Peggy	Good	Low	None	None	Long waiting list
MAPLEWOOD APTS II	706-857-4333	Peggy	Good	Low	None	None	Long waiting list
PINE HILLS APTS	706-857-4776	Leroy	Poor	High (1BR)	None	None	Wait list for 2BR only
PUBLIC HOUSING APTS	706-857-3016	Debbie	Fair-Good	Moderate	225 units	None	2-3 month wait list
RALPH CHAMBLEY	706-862-2240	Glenda	NA	Moderate	42 units	None	Located in Menlo
SILVERLEAF APTS	706-734-7834	Sarah	Good	Low	15 units	None	Maintains wait list

Comparable/nearby Rental Projects – Summerville PMA

Following are individual descriptions of four rental developments within the Summerville area most comparable by income targeting or proximity to the subject property. Information on these developments provides a more realistic indication of the market conditions facing the development of the proposed Melodie Manor.

Map: Local Rental Developments
Summerville PMA



- | | | |
|---------------------------|----------------------------|-------------------------------|
| 1. Maplewood Apts I - RHS | 2. Maplewood Apts II – RHS | 3. Lake Wanda Reita Apts- RHS |
| 4. Devonwood Apts – RHS | 5. Pine Hills Apts | 6. McGinnis Memoria – Senior |
| 7. Public Housing units | 8. Hankins Apts | 9. Summerville Gardens |



Project Name: **MAPLEWOOD I & II**

Address: Maplewood Drive

Phone: (706) 857-4333

Year Built: 1986/1990

City: Summerville State: GA

Zip: 30747

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate*</i>	<i>Occupancy %</i>
1BR	22	0	700*	\$240-\$370	100%
2BR	52	0	900*	\$265-\$440	100%
3BR	0	--	---	---	---
Total	74	0			100%

<i>Appliances</i>		<i>Project</i>		<i>Unit</i>		<i>Other Information</i>	
Refrigerator/Stove	X	Coin Op Laundry	X	Draperies		Heat Included	No
Garbage Disposal	X	Clubhouse		Mini-blinds	X	Electricity Included	No
Dishwasher		Swimming Pool		Walk-in Closet	X	Heat Type	ELE
Microwave		Playground		Fireplace			
Laundry Hook-up	X	Tennis Court		Patio/Balcony	X	# of Floors	1/2
In-Unit Laundry		Basketball Court	X	Central Air	X		
		Carport		Wall AC Unit		Percent Senior	NA
		Garage		Storage	X	Subsidized	RHS 515 (9 RA)
		Elevator		Individual Entry	X		

*NOTE: Rental rates are basic/market; unit sizes are estimated.



Project Name: **LAKE WANDA REITA APTS**

Year Built: 1983

Address: 107 Lake Wanda Reita Road

City: Summerville State: GA

Phone: (706) 857-5821

Zip: 30747

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate*</i>	<i>Occupancy %</i>
1BR	8	0	700	\$272-\$302	100%
2BR	26	0	900	\$297-\$327	100%
3BR	6	0	1,100	\$327-\$357	100%
Total	40	0			100%

<i>Appliances</i>		<i>Project</i>		<i>Unit</i>		<i>Other Information</i>	
Refrigerator/Stove	X	Coin Op Laundry	X	Draperies		Heat Included	No
Garbage Disposal	X	Clubhouse		Mini-blinds	X	Electricity Included	No
Dishwasher		Swimming Pool		Walk-in Closet	X	Heat Type	ELE
Microwave		Playground		Fireplace			
Laundry Hook-up	X	Tennis Court		Patio/Balcony	X	# of Floors	2
In-Unit Laundry		Basketball Court	X	Central Air	X		
		Carport		Wall AC Unit		Percent Senior	NA
		Garage		Storage		Subsidized	RHS 515 (7 Sec 8)
		Elevator		Individual Entry	X		

*NOTE: Rental rates are basic/market



Project Name: **DEVONWOOD APTS**

Address: 70 Dry Valley Road

Phone: (706) 857-4333

Year Built: 1993

City: Summerville State: GA

Zip: 30747

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate*</i>	<i>Occupancy %</i>
1BR	6	0	700*	\$235-\$305	100%
2BR	18	0	900*	\$265-\$405	100%
3BR	0	--	---	---	---
Total	24	0			100%

<i>Appliances</i>		<i>Project</i>		<i>Unit</i>	<i>Other Information</i>	
Refrigerator/Stove	X	Coin Op Laundry	X	Draperies	Heat Included	No
Garbage Disposal		Clubhouse		Mini-blinds	Electricity Included	No
Dishwasher		Swimming Pool		Walk-in Closet	Heat Type	H2O
Microwave		Playground		Fireplace		
Laundry Hook-up	X	Tennis Court		Patio/Balcony	# of Floors	1/2
In-Unit Laundry		Basketball Court	X	Central Air		
		Carport		Wall AC Unit	Percent Senior	NA
		Garage		Storage	Subsidized	RHS 515 (9 RA)
		Elevator		Individual Entry		

*NOTE: Rental rates are basic/market; unit sizes are estimated.



Project Name: **SILVERLEAF APTS**

Address: 365 Thomas Road

Phone: (706) 734-7834

Year Built: 1992

City: Summerville State: GA

Zip: 30753

<i>Unit Type</i>	<i># of Units</i>	<i># Vacant</i>	<i>Square Feet</i>	<i>Rental Rate*</i>	<i>Occupancy %</i>
1BR	12	0	700*	\$245-\$405	100%
2BR	20	0	900*	\$270-\$435	100%
1BR	0	--	---	---	---
Total	32	0			100%

<i>Appliances</i>		<i>Project</i>		<i>Unit</i>		<i>Other Information</i>	
Refrigerator/Stove	X	Coin Op Laundry	X	Draperies		Heat Included	No
Garbage Disposal		Clubhouse		Mini-blinds	X	Electricity Included	No
Dishwasher		Swimming Pool		Walk-in Closet	X	Heat Type	ELE
Microwave		Playground		Fireplace			
Laundry Hook-up		Tennis Court		Patio/Balcony	X	# of Floors	1/2
In-Unit Laundry		Basketball Court		Central Air	X		
		Carport		Wall AC Unit		Percent Senior	NA
		Garage		Storage		Subsidized	RHS 515 (15 RA)
		Elevator		Individual Entry	X		

*NOTE: Rental rates are basic/market; unit sizes are estimated.

Section 8: INTERVIEWS

Throughout the course of performing this analysis of the Summerville/Chattooga County rental market, many individuals were contacted. Based on discussions with city and county planning officials, no comparable multi-family rental considerations (other than the subject) are present. The only multi-family activity was along Woodland Street, which are the public housing duplexes.

In addition, resident managers at all the RHS projects contacted in the market indicate that additional rental options are in demand. Typical comments from these managers are representative of those made by Peggy of Maplewood Apartments I and II which stated “there is definitely a need for low and moderate income apartments in the Summerville area.” However, each public housing manager mentioned the complete opposite – that there is not a need for additional rental units.

Additional informal interviews with leasing agents and resident managers within the Summerville rental market were performed as part of Community Research Group’s survey of existing rental housing. The results of these are compiled and presented within a previous section of the market study.

Section 9: CONCLUSIONS AND RECOMMENDATIONS

Based on the information collected within this study, sufficient evidence has been introduced for the successful development and absorption of an additional open LIHTC rental facility within the Summerville PMA. Ongoing stable economic trends, steady demographic patterns, extremely positive occupancy levels, and a strong statistical demand all support the development of the subject proposal as a LIHTC facility targeted for households with low and moderate incomes. Assuming the subject proposal is developed as described within this analysis, Community Research Group can provide a positive recommendation for the facility with no reservations or conditions. As such, CRG forwards a **FULL PASS** conclusion.

Section 10: SIGNED STATEMENT REQUIREMENTS

I affirm that I, or an individual employed by my company, have made a physical inspection of the market area and that information has been used in the full study of the need and demand for new rental units. To the best of my knowledge, the market can support the demand shown in the study. I understand that any misrepresentation of this statement may result in the denial of further participation in DCA's rental housing programs. I also affirm that I have no interest in the project or relationship with the ownership entity and my compensation is not contingent upon this project being funded.



Steven R. Shaw
COMMUNITY RESEARCH GROUP, LLC

Date: June 19, 2002

Section 11: BIBLIOGRAPHY

1980 U.S. Census, General Housing Characteristics, U.S. Census Bureau

1980 U.S. Census, Detailed Housing Characteristics, U.S. Census Bureau

1980 U.S. Census of Population and Housing, STF 1A, U.S. Census Bureau

1990 U.S. Census of Population and Housing, STF 1A, U.S. Census Bureau

1990 U.S. Census of Population and Housing, STF 3A, U.S. Census Bureau

1990 U.S. Census of Population and Housing, STF 4, U.S. Census Bureau

2000 U.S. Census of Population and Housing, SF1, U.S. Census Bureau

Table DP-1 to DP-4: Profile of General Demographic Characteristics: 2000, City of Summerville and Chattooga County – U.S. Census Bureau, Census 2000

1995-1999 American Housing Survey, U.S. Census Bureau and U.S. Department of Housing and Urban Development

2002/2007 Demographic Forecasts, Claritas Inc., Ithaca, NY

Thematic maps through ESRI ArcView, Version 3.2a

Local roadway maps through Microsoft Streets and Trips 2002

Area Labor Statistics, 1985 – Present, U.S. Bureau of Labor Statistics and Georgia Department of Labor

Chattooga County Area Labor Profile – Georgia Department of Labor

Local economic and housing information – Chattooga County Chamber of Commerce

Interviews with managers and leasing specialists, local rental developments

Interviews with city and county planning officials

Section 12: RESUME

STEVEN R. SHAW COMMUNITY RESEARCH GROUP, LLC

Mr. Shaw is the co-founder of Community Research Group, LLC. With over eleven years of experience in market research, he has assisted a broad range of clients, including developers, government agencies, non-profit organizations, and financial institutions, with the development of numerous types of housing alternatives throughout the United States. Areas of expertise include market study preparation, pre-feasibility analysis, strategic targeting and market identification, customized survey and focus group research, and demographic and economic analysis. Previous to Community Research, he most recently served as a market consultant for Community Targeting Associates (1997-1999) providing the same types of services.

Mr. Shaw also served as the manager of automotive analysis for J.D. Power and Associates (1992-1997), a global automotive market research firm based in Troy, Michigan. While serving in this capacity, Mr. Shaw was responsible for identifying market trends and analyzing the automotive sector through proprietary and syndicated analytic reports. During his five-year tenure at J.D. Power, Mr. Shaw developed a strong background in quantitative and qualitative research measurement techniques through the use of mail and phone surveys, focus group interviews, and demographic and psychographic analysis.

Previous to J.D. Power, Mr. Shaw was employed as Senior Market Research Analyst with Target Market Systems (the market research branch of First Centrum Corporation) in East Lansing, Michigan. At TMS, his activities consisted largely of market study preparation for projects financed through RHS and MSHDA programs. Other key duties included the strategic targeting and identification of new areas for multi-family and single-family housing development throughout the Midwest.

A 1991 graduate of Michigan State University, Steve graduated with a Bachelor of Arts degree in Marketing with an emphasis in Market Research, while also earning an additional major in Psychology. Mr. Shaw is a member of the Michigan Housing Council, and also a charter member of the National Council of Affordable Housing Market Analysts.